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**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana**

**Audited Financial Statements
As of and For the Year Ended June 30, 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 10/3/07

LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana

Audited Financial Statements
For the Year Ended June 30, 2007

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INDEPENDENT AUDITOR'S REPORT

Louisiana State Board of Embalmers
and Funeral Directors
Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana

We have audited the accompanying basic financial statements of the Louisiana State Board of Embalmers and Funeral Directors, a component unit of the State of Louisiana, for the year ended June 30, 2007, as listed in the table of contents. These basic financial statements are the responsibility of the management of the Louisiana State Board of Embalmers and Funeral Directors. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana State Board of Embalmers and Funeral Directors as of June 30, 2007, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2007, on our consideration of the Louisiana State Board of Embalmers and Funeral Directors' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the Louisiana State Board of Embalmers and Funeral Directors' basic financial statements taken as a whole. The accompanying supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Louisiana State Board of Embalmers and Funeral Directors. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Roy Chenevert, CPA

Baton Rouge, Louisiana
August 23, 2007

LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Management's Discussion and Analysis

The management's discussion and analysis of the Louisiana State Board of Embalmers and Funeral Directors' financial performance presents a narrative overview and analysis of the board's financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the transmittal letter and the board's financial statements.

FINANCIAL HIGHLIGHTS

The board's assets exceeded its liabilities at the close of fiscal year 2007 by \$514,996. The net assets increased by \$128,968 (or 33.4%).

The board's revenue increased by \$55,864 (or 11.9%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The Louisiana State Board of Embalmers and Funeral Directors' financial statements are comprised of the basic financial statements and the notes to the financial statements. In addition to the basic financial statements and the accompanying notes, other information in this report presents certain supplementary information required by legislative resolution. The basic financial statements are designed to provide readers with a broad overview of the board's finances in a manner similar to a private sector business.

Basic Financial Statements

The basic financial statements of the Louisiana State Board of Embalmers and Funeral Directors presents financial information for the board as a whole, in a format designed to make the statements easier for the reader to understand. The statements of this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets (page 8) presents the current and long-term portion of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the board is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Assets (page 9) presents information showing how the board's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows (page 10) presents information showing how the board's cash changed as a result of current year operations. The cash flow statement is

prepared using the direct method and includes the reconciliation of operating income to net cash provided by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE BOARD

Statement of Net Assets as of June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 530,320	\$ 401,351
Capital assets	8,200	11,560
Total assets	<u>538,520</u>	<u>412,911</u>
Current liabilities	11,323	16,827
Non-current liabilities	12,201	10,056
Total liabilities	<u>23,524</u>	<u>26,883</u>
Total net assets	<u>\$ 514,996</u>	<u>\$ 386,028</u>

The board's equity interest in its capital assets is reported within the investment in capital assets. The unrestricted net assets are those that do not have any limitations for what these amounts may be used.

Net assets of the board increased by \$128,968, or 33.4%, from June 30, 2006 to June 30, 2007. A major cause of this increase is an increase in operating revenues and interest earned on investments.

Statement of Revenues, Expenses, and Changes in Net Assets for the years ended June 30, 2007 and 2006

	<u>2007</u>	<u>2006</u>
Operating revenues	\$ 504,260	\$ 454,990
Operating expenses	(395,700)	(375,881)
Operating income (loss)	108,560	79,109
Non-operating revenues	20,408	13,814
Increase (Decrease) in net assets	<u>\$ 128,968</u>	<u>\$ 92,923</u>

The board's total revenues increased by \$55,864 or 11.9%. The total cost of all programs and services increased by \$19,819 or 5.3%.

CAPITAL ASSETS

At the end of 2007, the board had \$8,200 invested in a broad range of capital assets, including furniture and equipment.

Capital Assets at June 30, 2007 (Net of Depreciation)

Furniture and equipment	\$8,200
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There were no major additions this year in furniture and equipment.

BUDGET

The fiscal year 2007 annual budget was approved by the board at the January 23, 2006 meeting.

CONTACTING THE LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS' MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, and customers with a general overview of the Louisiana State Board of Embalmers and Funeral Directors' finances and to show the Board's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Executive Director, Louisiana State Board of Embalmers and Funeral Directors, 3500 N. Causeway Blvd., Suite 1232 Executive Towers, Metairie, Louisiana 70002.

**Louisiana State Board of Embalmers
 and Funeral Directors
 Department of Health and Hospitals
 State of Louisiana
 Statements of Net Assets
 June 30, 2007**

Assets

Current assets

Cash and cash equivalents (note 2)	\$ 94,825
Investments (note 3)	434,445
Receivables	500
Prepays	<u>550</u>
Total current assets	530,320

Non-current assets

Capital assets, net of depreciation (note 4)	<u>8,200</u>
Total assets	<u>538,520</u>

Liabilities

Current liabilities

Accounts payables (note 8)	8,386
Current portion of long-term liability	
Accrued compensated absences (note 9)	<u>2,937</u>
Total current liabilities	11,323

Non-current liabilities:

Accrued compensated absences (note 9)	<u>12,201</u>
Total liabilities	<u>23,524</u>

Net assets

Invested in capital assets	8,200
Unrestricted net assets	<u>506,796</u>
Total net assets	<u>\$ 514,996</u>

See accompanying notes to the financial statements.

**Louisiana State Board of Embalmers
and Funeral Directors
Department of Health and Hospitals
State of Louisiana
Statements of Revenues, Expenses,
and Changes in Net Assets
Year Ended June 30, 2007**

Operating revenues	
Licenses, permits, and fees	<u>\$ 504,260</u>
Operating expenses	
Personal services	253,137
Travel	33,111
Operating services	39,702
Supplies	7,036
Professional services	59,354
Depreciation	3,360
Total operating expenses	<u>395,700</u>
Operating income	<u>108,560</u>
Non-operating revenues	
Use of money and property	15,376
Other revenues	5,032
Total non-operating revenues	<u>20,408</u>
Change in net assets	128,968
Net assets, beginning of year	<u>386,028</u>
Net assets, end of year	<u>\$ 514,996</u>

See accompanying notes to the financial statements.

**Louisiana State Board of Embalmers
 and Funeral Directors
 Department of Health and Hospitals
 State of Louisiana
 Statements of Cash Flows
 Year Ended June 30, 2007**

Cash flows from operating activities	
Cash received from customers	\$ 504,260
Cash paid to suppliers for goods and services	(139,985)
Cash paid to employees for services	(256,264)
Net cash provided by operating activities	<u>108,011</u>
Cash flows from non-capital financing activities	
Other non-operating revenue	<u>5,032</u>
Net cash provided by non-capital financing activities	<u>5,032</u>
Cash flows from investing activities	
Purchase of investment securities	(129,711)
Interest earned	<u>15,376</u>
Net cash provided (used) by investing activities	<u>(114,335)</u>
Net (decrease) in cash	(1,292)
Cash, beginning of year	<u>96,117</u>
Cash, end of year	<u>\$ 94,825</u>
Reconciliation of operating loss to net cash used by operating activities	
Operating income	\$ 108,560
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	3,360
(Increase) in prepaids	(550)
(Decrease) in accounts payable	(232)
(Decrease) in accrued payroll	(7,004)
Increase in compensated absences payable	<u>3,877</u>
Net cash provided by operating activities	<u>\$ 108,011</u>

See accompanying notes to the financial statements.

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS**
Department of Health and Hospitals
State of Louisiana
Notes to the Financial Statements
June 30, 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Louisiana State Board of Embalmers and Funeral Directors is a component unit of the State of Louisiana created under the provisions of Louisiana Revised Statute 37:831-861, within the Department of Health and Hospitals, and is domiciled in Metairie, Louisiana. The board consists of seven members appointed by the governor. The board shall include three licensed embalmers and three licensed funeral directors, all of whom shall have been residents of the State of Louisiana for at least five years and all of whom shall have had experience in their respective professions for at least five years. The board shall also include one member who shall be sixty years of age or over and who shall serve as a representative of the elderly consumers of Louisiana. The elderly member shall not be actively engaged in nor shall he be retired from the occupation, profession, or industry of funeral directors or embalmers. The members may receive a per diem not to exceed \$100 per meeting or day spent on business of the board, plus travel expenses. The board is charged with the responsibility of licensing and regulating embalmers, funeral directors, and funeral homes within the State of Louisiana. Operations of the board are funded through self-generated revenues.

Basis of Presentation

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting principles and financial reporting standards.

Reporting Entity

GASB Codification Section 2100 has defined the governmental reporting entity to be the State of Louisiana. The board is considered a component unit of the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying financial statements present only transactions of the Louisiana State Board of Embalmers and Funeral Directors. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

Fund Accounting

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Notes to the Financial Statements
June 30, 2007**

Basis of Accounting

The accounting and financial reporting treatment applied to the board is determined by its measurement focus. The transactions of the board are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets. Net Assets are segregated into invested in capital assets, and unrestricted net assets.

Budget Practices

Annually, the board adopts a budget as prescribed by Revised Statute 39:1331-1342. The budget for fiscal year ended June 30, 2007 was adopted on January 23, 2006, and is prepared on the modified accrual basis of accounting. Although budget amounts lapse at year-end, the board retains its unexpended net assets to fund expenditures of the succeeding year.

Cash and cash equivalents, and Investments

Cash and cash equivalents include petty cash, demand deposits, and time certificate of deposits. Under state law, the board may deposit funds in a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. Furthermore, the board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the board may invest in United States Treasury obligations, United States government agency obligations, and direct security repurchase agreements, or in eligible mutual funds that invest in these securities. Investments are stated at fair value.

Capital Assets

Capital assets are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated fair value or cost to construct at the date of the contribution. Furniture and equipment and automobiles include all items valued over \$5,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

	<u>Years</u>
Automobiles	5
Furniture and equipment	10

Compensated Absences

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Compensated absences are computed in accordance with GASB Codification Section C60, and are recognized as an expense and liability in the financial statements when incurred.

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Notes to the Financial Statements
June 30, 2007**

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned. Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. Compensatory leave is computed in accordance with GASB Codification Section C60.105, and is recognized as an expense and liability in the financial statements when incurred.

Net Assets

Net assets comprise the various net earnings from operation, non-operating revenues, expenses, and contributions of capital. Net assets are classified in the following components:

Invested in capital assets – Consists of all capital assets, net of accumulated depreciation.

Unrestricted net assets – Consists of all other net assets that are not included in the other categories previously mentioned.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2007, the board has cash (book balances) totaling \$94,825.

Deposits in bank accounts are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the fiscal agent banks. The fair value of the pledged securities plus the federal security must at all times equal the amount on deposit with the fiscal agents. At June 30, 2007, the board has \$105,629 in deposits (collected bank balances) that were 100 percent insured or collateralized with securities held by the board or its agent in the board's name.

NOTE 3 – INVESTMENTS

The board has investments totaling \$434,445 at June 30, 2007. The entire amount was invested in certificates of deposit. The certificates of deposit are 100 percent insured or collateralized with securities held by the board or its agent in the board's name.

NOTE 4 – CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Notes to the Financial Statements
June 30, 2007**

	Furniture & Equipment	Less accumulated depreciation	Capital Assets, net
Balance July 1, 2006	\$ 17,740	\$ (6,180)	\$ 11,560
Additions		(3,360)	(3,360)
Deletions			
Balance June 30, 2007	\$ 17,740	\$ (9,540)	\$ 8,200

NOTE 5 – RETIREMENT SYSTEM

Substantially all employees of the board belong to the Louisiana State Employees Retirement System, a single employer defined benefit pension plan. The System is a statewide public employee retirement system and is available to all eligible employees. The System publishes annual financial reports that include detailed historical, financial, and actuarial information.

All full time board employees are eligible to participate in the System. Benefits vest with 10 years of service. Generally, at retirement age, employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months average salary multiplied by their years of credited service, except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to participate before July 1, 2006 are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of services, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of ten years of service.

The System also provides death and disability benefits. Benefits are established or amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. The report may be obtained by writing to the State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000.

Members are required by state statute to contribute 7.5% of gross salary, and the board is required to contribute at an actuarially determined rate as required by Revised Statute 11:102. The board's contribution rate for fiscal years ended June 30, 2007, 2006, and 2005, were 19.1%, 19.1%, and 17.8%, respectively, of annual covered payroll. The board's contributions to the System for the years ending June 30, 2007, 2006, and 2005

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Notes to the Financial Statements
June 30, 2007**

were \$31,719, \$25,249, and \$12,286, respectively, which are the required contributions for each year.

NOTE 6 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana State Board of Embalmers and Funeral Directors provides certain continuing health care and life insurance benefits for its retired employees. Substantially all board employees become eligible for those benefits if they reach normal retirement age while working for the board. Those benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the board. The board recognizes the cost of providing those benefits (board's portion of premiums) as an expense when paid during the year. For the years ended June 30, 2007 the cost of four retiree's benefits totaled \$8,278.

NOTE 7 – LEASE AND RENTAL COMMITMENTS

The board has continuing obligations for operating leases at June 30, 2007 as follows:

	<u>Office Space</u>	<u>Equipment</u>
FY 2008	\$ 28,101	\$ 2,984
FY 2009	\$ 28,101	\$ 2,984
FY 2010	\$ 18,734	\$ 2,984
FY 2011	-	\$ 2,984
FY 2012	-	\$ 1,740

Lease and rental expenses for the years ended June 30, 2007 totaled \$29,612.

NOTE 8 – PAYABLES

At June 30, 2007, the board had payables totaling \$8,386 as follows:

Accounts payable	\$ 968
Accrued wages and benefits payable	7,418
Total payables	<u>\$ 8,386</u>

NOTE 9 – COMPENSATED ABSENCES

A summary of changes in compensated absences is as follows:

June 30, 2006	\$ 11,261
Additions	3,877
June 30, 2007	<u>\$ 15,138</u>

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Notes to the Financial Statements
June 30, 2007**

The additions to compensated absences during the 2006/07 fiscal year represent the net change during the year because the additions and deductions could not readily be determined.

NOTE 10 – LITIGATION

There were no judgments, claims or similar contingencies pending against the Board at June 30, 2007.

**Other Report Required By
Government Auditing Standards**

The following pages contain a report on compliance with laws and regulations and on internal control as required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

Roy Chenevert

CERTIFIED PUBLIC ACCOUNTANT

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REPORT ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF THE BASIC FINANCIAL STATEMENTS

Louisiana State Board of Embalmers
and Funeral Directors
Department of Health and Hospitals
State of Louisiana
Metairie, Louisiana

We have audited the basic financial statements of the Louisiana State Board of Embalmers and Funeral Directors, a component unit of the State of Louisiana, as of and for the year ended June 30, 2007, and have issued our report thereon dated August 23, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana State Board of Embalmers and Funeral Directors's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as 2007-1.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Louisiana State Board of Embalmers and Funeral Directors's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana State Board of Embalmers and Funeral Directors's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Louisiana State Board of Embalmers and Funeral Directors's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a

misstatement of the Board's financial statements that is more than inconsequential will not be prevented or detected by the Board's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Board's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we consider the deficiency described in the accompanying schedule of findings as 2007-2 to be a material weakness, as defined above. In addition, we noted other matters involving the internal control over financial reporting that we have reported to management of the Louisiana State Board of Embalmers and Funeral Directors in a separate letter dated August 23, 2007.

This report is intended solely for the information and use of the Board and its management and is not intended to be, and should not be, used by anyone other than these specified parties.

Roy Chenevert, CPA

Baton Rouge, Louisiana
August 23, 2007

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Schedule of Findings
For the Year Ended June 30, 2007**

Type of auditor's report issued: Unqualified.

Compliance: Noncompliance identified.

2007-1: Adoption of Budget

Louisiana Revised Statutes (LSA R.S.) 39:1331-1342 specify the requirements of Louisiana licensing agencies to prepare and submit an annual budget. LSA R.S. 39:1335 requires the submission of the budget no later than the first day of January in each year. The Board's 2006/07 budget was submitted on December 27, 2005; however, the Board did not formally review and adopt the proposed budget until its January 23, 2006 meeting. We recommend that the Board ensure that the proposed annual budget be formally adopted by a resolution of the Board prior to its submission to the Joint Legislative Committee on the Budget.

Internal control over financial reporting: Material weakness identified.

2007-2: Lack of controls over financial reporting in accordance with GAAP

The Board does not have personnel with sufficient knowledge in GAAP (generally accepted accounting principles) that would be needed to prevent, detect, and correct potential material misstatements in the preparation of the financial statements, including footnote disclosures.

**Management's Corrective Action Plan and
Response to the Findings and Recommendations**



**Louisiana State Board of Embalmers
and Funeral Directors
New Orleans, La.**

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August 22, 2007

Margaret Franklin
Certified Public Accountant
12605 S. Harrells Ferry Road, Suite 5
Baton Rouge, LA 70816-2563

In re: 2007 Audit Comments

Dear Ms. Franklin:

I wish to acknowledge receipt of a copy of your audit comments concerning adoption of the Board's 2006/2007 budget as well as a lack of control over financial reporting in accordance with GAAP.

It is our understanding that you require my written response so that it may be included within the report package.

The matter of approval of the Board's budget was brought to our attention following the audit of our 2005/2006 fiscal year. Once again I must advise that there was no meeting held the last month of 2005. As our letter of August 22, 2006 advised, the proposed budget is now presented to the Board at their October or November meeting in order to comply with the reporting process.

In response to the concerns about the Board's lack of controls over financial reporting in accordance with GAAP, I wish to advise that the Board has entered into a contract with a CPA firm in order to have said firm prepare the Division of Administration report and a financial statement based upon the Quick Books program maintained in the Board's office. It was determined that a yearly audit in lieu of a review would be in the Board's best interest due to the lack of an employee with sufficient knowledge in GAAP.

I trust that the above information is responsive to your concerns.

Sincerely,

A handwritten signature in cursive script that reads "Dawn P. Scardino".

Dawn P. Scardino
Executive Director

**LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
Department of Health and Hospitals
State of Louisiana
Summary Schedule of Prior Audit Finding**

For the Year Ended June 30, 2006

Finding: 2006-1: Adoption of Budget

Status of Finding: Not resolved

The Board's 2006/07 budget was submitted on December 27, 2005; however, the Board did not formally review and adopt the proposed budget until its January 23, 2006 meeting. See current year finding 2007-1 for further discussion.

Finding: 2006-2: Additions to Capital Assets

Status of Finding: Resolved

During the fiscal year ending June 30, 2007, the Board had no additions to capital assets that were required to be added to the Louisiana Property Assistance Agency (LPAA).

SUPPLEMENTAL INFORMATION SCHEDULES

PER DIEM PAID BOARD MEMBERS

The schedule of per diem paid to board members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Per diem payments are authorized by Louisiana Revised Statute 37:838. Board members are paid \$100 per day for board meetings and official business.

DIVISION OF ADMINISTRATION – OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY – REPORTING PACKAGE

The reporting package of the Division of Administration – Office of Statewide Reporting and Accounting Policy (OSRAP) was completed in order to provide information to OSRAP to be used in the preparation of the State of Louisiana's Comprehensive Annual Financial Report (CAFR).

**Louisiana State Board of Embalmers
and Funeral Directors
Department of Health and Hospitals
State of Louisiana
Schedule of Per Diem Paid Board Members
For the Years Ended June 30, 2007**

Robert D. Babineaux	\$3,800
Craig Gill	2,800
Andrew W. Hayes	1,600
Stephanie R. Navarre	1,900
Eugene Pellerin	3,200
Oscar Rollins	1,800
Gregory Strother	<u>2,400</u>
Total	<u>\$17,500</u>

Louisiana State Board of Embalmers and Funeral Directors
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2007

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AFFIDAVIT

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MD&A

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STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ending June 30, 2007

Louisiana State Board of Embalmers and Funeral Directors

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

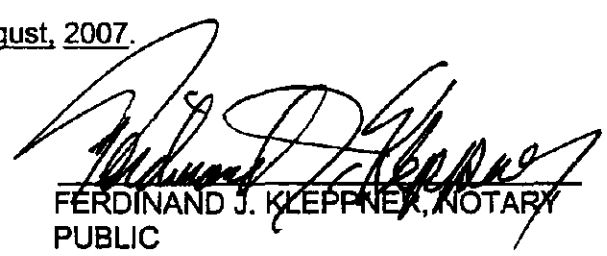
Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Dawn Scardino, Executive Director of the Louisiana State Board of Embalmers and Funeral Directors who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana State Board of Embalmers and Funeral Directors at June 30, 2007 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 22nd day of August, 2007.


Signature of Agency Official


FERDINAND J. KLEPPNER, NOTARY
PUBLIC
LA BAR ROLL # 07450

Prepared by: Dawn Scardino
Title: Executive Director
Telephone No.: (504) 838-5109
Date: August 22, 2007

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007**

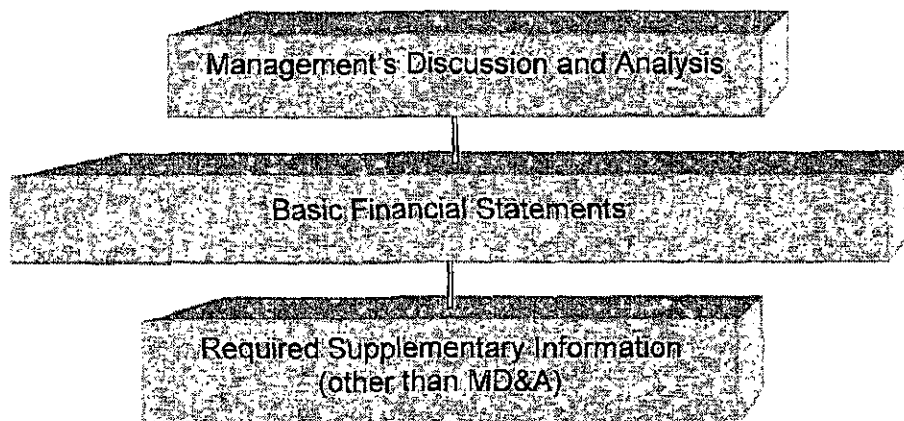
The Management's Discussion and Analysis of the Louisiana State Board of Embalmers and Funeral Directors' (BTA) financial performance presents a narrative overview and analysis of Board's (BTA) financial activities for the year ended June 30, 2007. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the transmittal letter and the Board's (BTA) financial statements.

FINANCIAL HIGHLIGHTS

- ★ The Louisiana State Board of Embalmers and Funeral Directors' (BTA) assets exceeded its liabilities at the close of fiscal year 2007 by \$514,996 which represents a 33.4% increase from last fiscal year. The net assets increased by \$128,968 (or 33.4%).
- ★ The Board's (BTA) revenue increased \$55,864 (or 11.9%) and the net results from activities increased by \$36,045 (or 38.8%).

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.



These financial statements consist of three sections - Management's Discussion and Analysis (this section), the Basic Financial Statements (including the notes to the financial statements), and Required Supplementary Information.

Basic Financial Statements

The basic financial statements present information for the Louisiana State Board of Embalmers and Funeral Directors (BTA) as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Balance Sheet; the Statement of Revenues, Expenses, and Changes in Fund Net Assets; and the Statement of Cash Flows.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007**

The Balance Sheet presents the current and long-term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the Board (BTA) is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Fund Net Assets presents information showing how the Board's (BTA) assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the Board's (BTA) cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income(loss) to net cash provided(used) by operating activities (indirect method) as required by GASB 34.

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets as of June 30, 2007 and 2006 (in thousands)			
	Total		
	2007	2006	
Current and other assets	\$ 530	\$ 401	
Capital assets	8	12	
Total assets	538	413	
Other liabilities	11	17	
Long-term debt outstanding	12	10	
Total liabilities	23	27	
Net assets			
Invested in capital assets, net of debt	8	12	
Restricted			
Unrestricted	507	374	
Total net assets	\$ 515	\$ 386	

Restricted net assets represent those assets that are not available for spending as a result of legislative requirements, donor agreements, or grant requirements. Conversely, unrestricted net assets are those that do not have any limitations on how these amounts may be spent.

Net assets of the Louisiana State Board of Embalmers and Funeral Directors' (BTA) increased by \$128,968, or 33.4%, from June 30, 2006 to June 30, 2007. One of the major causes of this increase is an increase in operating revenues and interest earned on investments.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007

Statement of Revenues, Expenses, and Changes in Fund Net Assets
for the years ended June 30, 2007 and 2006
(in thousands)

	Total	
	2007	2006
Operating revenues	\$ 504	\$ 455
Operating expenses	396	376
Operating income(loss)	108	79
Non-operating revenues(expenses)	21	14
Income(loss) before transfers	129	93
Transfers in	0	0
Transfers out	0	0
Net increase(decrease) in net assets	\$ 129	\$ 93

The Board's (BTA) total revenues increased by \$55,864 or (11.9%). The total cost of all programs and services increased by \$19,819 or 5.3%.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, the Louisiana State Board of Embalmers and Funeral Directors (BTA) had \$8,200 invested in a broad range of capital assets, including furniture and equipment. (See Table below) This amount represents a net decrease (including additions and deductions) of \$3,360, or 29%, over last year.

	2007	2006
Land	\$	\$
Buildings and improvements		
Equipment	8	12
Infrastructure		
Totals \$	8	12

There were no major additions during the fiscal year 2006/07.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF JUNE 30, 2007**

Debt

The Louisiana State Board of Embalmers and Funeral Directors (BTA) had no bonds and notes outstanding at year-end.

The Louisiana State Board of Embalmers and Funeral Directors (BTA) had no claims and judgments outstanding at year-end. Other obligations include accrued vacation pay.

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Revenues were approximately \$28,700 over budget and expenditures were less than budget due in part to professional services being less than estimated.

CONTACTING THE LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS' (BTA) MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Embalmers and Funeral Directors' (BTA) finances and to show the Board's (BTA) accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Executive Director at 3500 N. Causeway Blvd., Suite 1232 Executive Towers, Metairie, Louisiana 70002.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
BALANCE SHEET
AS OF JUNE 30, 2007

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$	94,825
Investments		434,445
Receivables (net of allowance for doubtful accounts)(Note U)		500
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		550
Notes receivable		
Other current assets		
Total current assets		530,320

NONCURRENT ASSETS:

Restricted assets (Note F):		
Cash		
Investments		
Receivables		
Notes receivable		
Investments		
Capital assets (net of depreciation)(Note D)		
Land		
Buildings and improvements		
Machinery and equipment		8,200
Infrastructure		
Construction in progress		
Other noncurrent assets		
Total noncurrent assets		8,200
Total assets	\$	538,520

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$	8,386
Due to other funds (Note Y)		
Due to federal government		
Deferred revenues		
Amounts held in custody for others		
Other current liabilities		
Current portion of long-term liabilities:		
Contracts payable		
Compensated absences payable (Note K)		2,937
Capital lease obligations - (Note J)		
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total current liabilities		11,323

NON-CURRENT LIABILITIES:

Contracts payable		
Compensated absences payable (Note K)		12,201
Claims and litigation payable (Note K)		
Notes payable		
Liabilities payable from restricted assets (Note Z)		
Bonds payable		
Other long-term liabilities		
Total long-term liabilities		12,201
Total liabilities		23,524

NET ASSETS

Invested in capital assets, net of related debt		8,200
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		
Unrestricted		506,796
Total net assets		514,996
Total liabilities and net assets	\$	538,520

The accompanying notes are an integral part of this financial statement.

Statement A

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

OPERATING REVENUES	
Sales of commodities and services	\$ _____
Assessments	_____
Use of money and property	_____
Licenses, permits, and fees	504,260
Other	_____
Total operating revenues	504,260
OPERATING EXPENSES	
Cost of sales and services	_____
Administrative	392,340
Depreciation	3,360
Amortization	_____
Total operating expenses	395,700
Operating income(loss)	108,560
NON-OPERATING REVENUES(EXPENSES)	
State appropriations	_____
Intergovernmental revenues(expenses)	_____
Taxes	_____
Use of money and property	15,376
Gain on disposal of fixed assets	_____
Loss on disposal of fixed assets	_____
Federal grants	_____
Interest expense	_____
Other revenue	5,032
Other expense	_____
Total non-operating revenues(expenses)	20,408
Income(loss) before contributions and transfers	128,968
Capital contributions	_____
Extraordinary item - Loss on impairment of capital assets	_____
Transfers in	_____
Transfers out	_____
Change in net assets	128,968
Total net assets – beginning	386,028
Total net assets – ending	\$ 514,996

The accompanying notes are an integral part of this financial statement.

Statement B

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

See Appendix A for instructions

	Program Revenues			Net (Expense)
		Operating	Capital	Revenue and
	Expenses	Charges for	Grants and	Grants and
		Services	Contributions	Contributions
				Changes in
				Net Assets
Entity	\$ 395,700	\$ 504,260	\$	\$ 108,560
General revenues:				
Taxes				
State appropriations				
Grants and contributions not restricted to specific programs				
Interest				15,376
Miscellaneous				5,032
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				20,408
Change in net assets				128,968
Net assets - beginning as restated				386,028
Net assets - ending				\$ 514,996

The accompanying notes are an integral part of this statement.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Cash flows from operating activities		
Cash received from customers	\$ 504,260	
Cash payments to suppliers for goods and services	(139,985)	
Cash payments to employees for services	(256,264)	
Payments in lieu of taxes		
Internal activity-payments to other funds		
Claims paid to outsiders		
Other operating revenues(expenses)		
Net cash provided(used) by operating activities		108,011
Cash flows from non-capital financing activities		
State appropriations		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other	5,032	
Net cash provided(used) by non-capital financing		5,032
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		
Proceeds from sale of capital assets		
Capital contributions		
Other		
Net cash provided(used) by capital and related activities		-
Cash flows from investing activities		
Purchases of investment securities	(129,711)	
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	15,376	
Net cash provided(used) by investing activities		(114,335)
Net increase(decrease) in cash and cash equivalents		(1,292)
Cash and cash equivalents at beginning of year		96,117
Cash and cash equivalents at end of year	\$	94,825

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ 108,560
Adjustments to reconcile operating income(loss) to net cash		
Depreciation/amortization	3,360	
Provision for uncollectible accounts		
Other		
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net		
(Increase)decrease in due from other funds		
(Increase)decrease in prepayments	(550)	
(Increase)decrease in inventories		
(Increase)decrease in other assets		
Increase(decrease) in accounts payable and accruals	(7,236)	
Increase(decrease) in compensated absences payable	3,877	
Increase(decrease) in due to other funds		
Increase(decrease) in deferred revenues		
Increase(decrease) in other liabilities		
Net cash provided(used) by operating activities		\$ 108,011

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease	\$	
Contributions of fixed assets		
Purchases of equipment on account		
Asset trade-ins		
Other (specify)		
Total noncash investing, capital, and financing activities:	\$	-

The accompanying notes are an integral part of this statement.

Statement D (concluded)

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007**

INTRODUCTION

The Louisiana State Board of Embalmers and Funeral Directors (BTA) was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:831-861. The following is a brief description of the operations of the Board (BTA).

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Louisiana State Board of Embalmers and Funeral Directors (BTA) present information only as to the transactions of the programs of the Board (BTA) as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Board (BTA) are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. BUDGETARY ACCOUNTING

The appropriations made for the operations of the various programs of the Board (BTA) are annual lapsing appropriations.

1. The budgetary process is an annual appropriation valid for one year.
2. The agency is prohibited by statute from over expending the categories established in the budget.
3. Budget revisions are granted by the Joint Legislative Committee on the Budget, a committee of the Louisiana Legislature. Interim emergency appropriations may be granted by the Interim Emergency Board.
4. The budgetary information included in the financial statements includes the original appropriation plus subsequent amendments as follows:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	<u>APPROPRIATIONS</u>
Original approved budget	\$ <u>444,535</u>
Amendments:	
Reduction in per diem, travel, and operating services	<u>(29,500)</u>
	<u> </u>
Final approved budget	\$ <u><u>415,035</u></u>

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Appendix B for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board (BTA) may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the (BTA) may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana; in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows, all highly liquid investments (including restricted assets with a maturity of three months or less when purchased) are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by the three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2007, consisted of the following:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	<u>Cash</u>	<u>Certificates of Deposit</u>	<u>Other (Describe)</u>	<u>Total</u>
Balance per agency books	\$ 94,825	\$	\$	\$ 94,825
Deposits in bank accounts per bank	\$ 105,629	\$	\$	\$ 105,629
Bank balances of deposits exposed to custodial credit risk:				
a. Deposits not insured and uncollateralized	\$	\$	\$	\$ -
b. Deposits not insured and collateralized with securities held by the pledging institution.	\$	\$	\$	\$ -
c. Deposits not insured and collateralized with securities held by the pledging institution's trust department or agency <u>but not in the entity's name.</u>	\$	\$	\$	\$ -

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Balance per agency books" due to outstanding items.

The following is a breakdown by banking institution, program, account number, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. JP Morgan Chase Bank, N. A.		\$ 85,460
2. AmSouth Bank		90
3. Capital One Bank		20,079
4.		
Total		\$ 105,629

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ NONE
Petty cash	\$ 100

2. INVESTMENTS

The Louisiana State Board of Embalmers and Funeral Directors (BTA) does maintain investment accounts as authorized by Louisiana Revised Statute.

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or the counterparty's trust department or agent but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the table on the next page, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

the three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Balance Sheet</u>	<u>Fair Value</u>
Repurchase agreements	\$ _____	\$ _____	\$ _____	\$ _____
U.S. Government securities	_____	_____	_____	_____
U. S. Agency Obligations	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Commercial paper	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
Certificates of Deposit	_____	_____	434,445	434,445
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Total investments	\$ _____	\$ _____	\$ 434,445	\$ 434,445

* unregistered - not registered in the name of the government or entity

3. DERIVATIVES – NOT APPLICABLE
4. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES – NOT APPLICABLE
5. POLICIES – NOT APPLICABLE
6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – NOT APPLICABLE
- D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Accumulated depreciation is reported on the balance sheet. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	Year ended June 30, 2007						
	Balance 6/30/2006	Prior Period Adjustment	Adjusted Balance 7/1/2006	Additions	Transfers*	Retirements	Balance 6/30/2007
Capital assets not being depreciated							
Land	\$	\$	\$	-	\$	\$	\$
Non-depreciable land improvements			-				-
Capitalized collections			-				-
Construction in progress			-				-
Total capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets							
Furniture, fixtures, and equipment	\$ 17,740	\$	\$ 17,740	\$	\$	\$	\$ 17,740
Less accumulated depreciation	(6,180)		(6,180)	(3,360)			(9,540)
Total furniture, fixtures, and equipment	11,560	-	11,560	(3,360)	-	-	8,200
Buildings and improvements			-				-
Less accumulated depreciation			-				-
Total buildings and improvements	-	-	-	-	-	-	-
Depreciable land improvements			-				-
Less accumulated depreciation			-				-
Total depreciable land improvements	-	-	-	-	-	-	-
Infrastructure			-				-
Less accumulated depreciation			-				-
Total infrastructure	-	-	-	-	-	-	-
Total other capital assets	\$ 11,560	\$ -	\$ 11,560	\$ (3,360)	\$ -	\$ -	\$ 8,200
Capital Asset Summary:							
Capital assets not being depreciated	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other capital assets, at cost	17,740	-	17,740	-	-	-	17,740
Total cost of capital assets	17,740	-	17,740	-	-	-	17,740
Less accumulated depreciation	(6,180)	-	(6,180)	(3,360)	-	-	(9,540)
Capital assets, net	\$ 11,560	\$ -	\$ 11,560	\$ (3,360)	\$ -	\$ -	\$ 8,200

* Should be used only for those completed projects coming out of construction-in-progress to fixed assets; not associated with transfers reported elsewhere in this packet.

E. INVENTORIES – NOT APPLICABLE

F. RESTRICTED ASSETS – NOT APPLICABLE

G. LEAVE

1. COMPENSATED ABSENCES

The Louisiana State Board of Embalmers and Funeral Directors (BTA) has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2007 (fiscal close) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be zero. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the (BTA) are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time (BTA) employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2006 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0608 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and is also available on-line at:

<http://www.lasers.state.la.us/PDFs/Publications and Reports/Fiscal Documents/Comprehensive Financial Reports/Comprehensive%20Financial%20Reports 06.pdf>

Members are required by state statute to contribute with the single largest group ("regular members") contributing 7.5% of gross salary, and the (BTA) is required to contribute at an actuarially determined rate as

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2007, remained unchanged at 19.1% of annual covered payroll from the 19.1% and 17.8% required in fiscal years ended June 30, 2006 and 2005 respectively. The (BTA) contributions to the System for the years ending June 30, 2007, 2006, and 2005, were \$31,719, \$25,249, and \$12,286, respectively, equal to the required contributions for each year.

I. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Louisiana State Board of Embalmers and Funeral Directors (BTA) provides certain continuing health care and life insurance benefits for its retired employees. Substantially all (BTA) employees become eligible for post employment health care and life insurance benefits if they reach normal retirement age while working for the (BTA). These benefits for retirees and similar benefits for active employees are provided through an insurance company whose premiums are paid jointly by the employee and the (BTA). For 2007, the cost of providing those benefits for the four retirees totaled \$8,278.

J. LEASES

1. OPERATING LEASES

The total payments for operating leases during fiscal year 2006/07 amounted to \$27,267. A schedule of payments for operating leases follows:

<u>Nature of lease</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013- 2017</u>	<u>FY 2018- 2022</u>
Office Space	\$ 28,101	\$ 28,101	\$ 18,734	\$	\$	\$	\$
Equipment	2,984	2,984	2,984	2,984	1,740		
Land							
Other							
Total	\$ 31,085	\$ 31,085	\$ 21,718	\$ 2,984	\$ 1,740	\$ -	\$ -

2. CAPITAL LEASES – NOT APPLICABLE

3. LESSOR DIRECT FINANCING LEASES – NOT APPLICABLE

4. LESSOR – OPERATING LEASE – NOT APPLICABLE

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2007:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

	Balance June 30, 2006	Year ended June 30, 2007		Balance June 30, 2007	Amounts due within one year
		Additions	Reductions		
Notes and bonds payable:					
Notes payable	\$	\$	\$	\$ -	\$
Bonds payable				-	
Total notes and bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other liabilities:					
Contracts payable				-	
Compensated absences payable	11,261	3,877		15,138	2,937
Capital lease obligations				-	
Claims and litigation				-	
Liabilities payable from restricted assets				-	
Other long-term liabilities				-	
Total other liabilities	<u>11,261</u>	<u>3,877</u>	<u>-</u>	<u>15,138</u>	<u>2,937</u>
Total long-term liabilities	<u>\$ 11,261</u>	<u>\$ 3,877</u>	<u>\$ -</u>	<u>\$ 15,138</u>	<u>\$ 2,937</u>

- L. CONTINGENT LIABILITIES – NOT APPLICABLE
- M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE
- N. ACCOUNTING CHANGES – NOT APPLICABLE
- O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE
- P. DEFEASED ISSUES – NOT APPLICABLE
- Q. COOPERATIVE ENDEAVORS – NOT APPLICABLE
- R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE
- S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE
- T. SHORT-TERM DEBT – NOT APPLICABLE
- U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2007, were as follows:

STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)
Notes to the Financial Statement
As of and for the year ended June 30, 2007

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
	\$	\$	\$	500	500
					-
Gross receivables	\$ -	\$ -	\$ -	\$ -	\$ -
Less allowance for uncollectible accounts	-	-	-	-	-
Receivables, net	\$ -	\$ -	\$ -	\$ -	\$ -
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	-

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2007, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
	\$ 968	\$ 7,418	\$	\$	\$ 8,386
					-
Total payables	\$ 968	\$ 7,418	\$ -	\$ -	\$ 8,386

W. SUBSEQUENT EVENTS – NOT APPLICABLE

X. SEGMENT INFORMATION – NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE

Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS – NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS – NOT APPLICABLE

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB STATEMENT 46) – NOT APPLICABLE

CC. IMPAIRMENT OF CAPITAL ASSETS – NOT APPLICABLE

DD. EMPLOYEE TERMINATION BENEFITS

Substantially all employees are eligible for termination benefits upon separation from the state. The agency recognizes the cost of providing these benefits as expenditures when paid during the year. For 2007, there were no benefits paid for voluntary or involuntary terminations.

There is no liability for accrued voluntary or involuntary terminations benefits payable at June 30, 2007.

**STATE OF LOUISIANA
LOUISIANA STATE BOARD OF EMBALMERS
AND FUNERAL DIRECTORS (BTA)
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
For the Year Ended June 30, 2007**

[illegible]

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

NOT APPLICABLE

***Send copies of new amortization schedules**

NOT APPLICABLE

***Send copies of new amortization schedules**

STATE OF LOUISIANA
 _____ (BTA)
SCHEDULE OF CAPITAL LEASE AMORTIZATION
 For The Year Ended June 30, 20__

NOT APPLICABLE

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2008	\$ _____	\$ _____	\$ _____	\$ _____
2009	_____	_____	_____	_____
2010	_____	_____	_____	_____
2011	_____	_____	_____	_____
2012	_____	_____	_____	_____
2013-2017	_____	_____	_____	_____
2018-2022	_____	_____	_____	_____
2023-2027	_____	_____	_____	_____
2028-2032	_____	_____	_____	_____
 Total	 \$ _____	 \$ _____	 \$ _____	 \$ _____

STATE OF LOUISIANA
(BTA)
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 20__

NOT APPLICABLE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2008	\$ _____	\$ _____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013-2017	_____	_____
2018-2022	_____	_____
2023-2027	_____	_____
2028-2032	_____	_____
Total	\$ _____	\$ _____

STATE OF LOUISIANA
(BTA)
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 20__

NOT APPLICABLE

Fiscal Year Ending:	<u>Principal</u>	<u>Interest</u>
2008	\$ _____	\$ _____
2009	_____	_____
2010	_____	_____
2011	_____	_____
2012	_____	_____
2013	_____	_____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
Total	\$ _____	\$ _____

STATE OF LOUISIANA

LOUISIANA STATE BOARD OF EMBALMERS AND FUNERAL DIRECTORS (BTA)

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$1 million, explain the reason for the change.

	<u>2007</u>	<u>2006</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>524,668</u>	\$ <u>468,804</u>	\$ <u>55,864</u>	<u>11.9%</u>
Expenses	<u>395,700</u>	<u>375,881</u>	<u>19,819</u>	<u>5.3%</u>
2) Capital assets	<u>8,200</u>	<u>11,560</u>	<u>(3,360)</u>	<u>(29%)</u>
Long-term debt	<u></u>	<u></u>	<u>-</u>	<u></u>
Net Assets	<u>514,996</u>	<u>386,028</u>	<u>128,968</u>	<u>33.4%</u>
Explanation for change:	<u></u>			
	<u></u>			
	<u></u>			
	<u></u>			

AGENCY NAME _____
AGENCY NUMBER _____

NOT APPLICABLE

SCHEDULE 16

Roy Chenevert

CERTIFIED PUBLIC ACCOUNTANT

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AICPA PRIVATE COMPANIES PRACTICE SECTION
SOCIETY OF LOUISIANA CPAs

To the Board of Directors of
Louisiana State Board of Embalmers
and Funeral Directors

In planning and performing our audit of the financial statements of Louisiana State Board of Embalmers and Funeral Directors for the year ended June 30, 2007 we considered the Board's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, we became aware of the following matter that is an opportunity for strengthening internal controls and operating efficiency. This comment does not affect our report dated August 23, 2007, on the financial statements of the Board.

Organizational Structure

The size of the Board's accounting and administrative staff precludes certain internal controls that would be preferred if the office staff were large enough to provide optimum segregation of duties. This situation dictates that the Board of Directors remains involved in the financial affairs of the Board to provide oversight and independent review functions. A corrective action plan from management is not required for this comment.

This report is intended solely for the information and use of the Board of Directors and the management of Louisiana State Board of Embalmers and Funeral Directors.

Roy Chenevert, CPA

Baton Rouge, Louisiana
August 23, 2007